

# LABOR MARKET INFORMATION NEWSLETTER

Vol. XV No. 10  
October 1991

## Unemployment Rate

Seasonally Adjusted  
August\*

|               |   |      |
|---------------|---|------|
| ARIZONA       | — | 5.3% |
| Maricopa Co.  | — | 4.6  |
| Pima Co.      | — | 3.6  |
| United States | — | 6.8  |

## Consumer Price Index

U.S. — August 1991  
Base = 1982-84

|                                |   |       |
|--------------------------------|---|-------|
| Wage Earner/Clerical<br>Worker | — | 134.6 |
| % Chg. Year Ago                | — | 3.6   |

|                 |   |       |
|-----------------|---|-------|
| All Urban       | — | 136.6 |
| % Chg. Year Ago | — | 3.8   |

Phoenix — 2nd Qtr 1991  
Base = 1982-84

|                 |   |       |
|-----------------|---|-------|
| All Urban       | — | 136.3 |
| % Chg. Year Ago | — | 3.4   |

Tucson CPI No Longer  
Available (see May 1991  
Arizona LMI Newsletter)

\* Preliminary

## '90 Annual Pay

*Arizona Wages Continued to Grow  
Slower Than Rest of Country*



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Arizona Department of Economic Security  
— Moving People Toward Self-Sufficiency

## AVERAGE ANNUAL PAY

### Growth in Arizona Annual Pay Lags Nation Again in '90

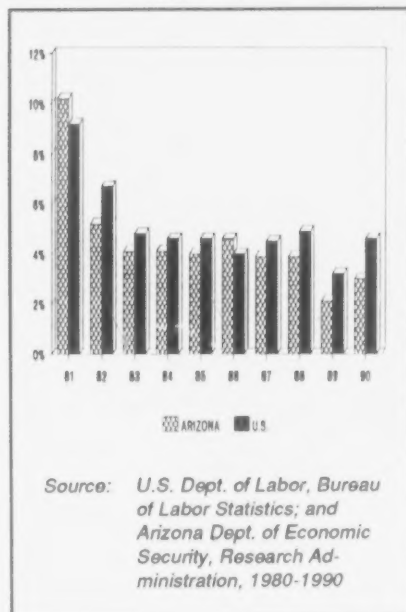
Players on professional sports teams or entertainers may have a hard time adjusting to just an annual cost-of-living pay increase, but the average Arizona worker in 1990 — and in recent years — probably would have given a standing ovation if they had received a pay gain equal to last year's rise in the Consumer Price Index (5.4 percent).

In fact, the way average annual pay in Arizona has grown (or not grown) in the last decade, workers in this state may be satisfied in any year with pay gains equal to the CPI rise. Because, as they say in sports lexicon, Arizona's workers have been riding a streak — unfortunately, its four-straight years (and eight out of the last nine) of pay growth below the national average. But even more distressing is the fact that Arizona's 3.0 percent rise in average annual pay in 1990 ranked 49th in percentage growth among all states and Washington D.C.; the second-straight year the state has placed 49th in pay growth.

According to preliminary data released in August by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), average annual pay for Arizona workers covered by state and federal unemployment insurance programs grew to a level of \$21,443 in 1990, compared to \$20,809 the year before. Nationally, average annual pay grew 4.6 percent to \$23,602 in 1990, up from \$22,563 in 1989.

Somewhat surprisingly, despite the state's poor showing in 1990, Arizona's overall pay ranking among states and Washington D.C. remained the same as the prior year, 26th, but is still down from 24th in 1988 and 21st in 1986. But not surprisingly, according to preliminary figures released in September, the state's two major metropolitan statistical areas (MSAs) also took a beating last year in the average

Figure 1. Average Annual-Pay Growth, Arizona vs. U.S., 1980-1990



annual-pay race among 320 MSAs tracked separately by BLS.

Compared to an average MSA increase in 1990 of 4.7 percent, average annual pay in the Phoenix metro area rose just 3.2 percent over 1989 to \$22,660, while the Tucson metro area's pay inched up a meager 0.8 percent to \$19,761. Yuma, which attained MSA status for the first time in 1990, had 3.8 percent annual-pay growth over 1989 to a level of \$16,231. Nationally, MSA pay averaged \$24,675 in 1990.

#### Phoenix, Tucson MSAs Fall in Rankings

The subpar growth last year in the Phoenix and Tucson MSAs was reflected in rankings among all MSAs — in terms of yearly increases and overall rankings. Looking at pay growth over 1989, the Phoenix and Tucson areas ranked 270th and 314th, respectively. And overall the Phoenix MSA ranked 99th in 1990, compared to 84th in 1989 and 80th in 1987, while Tucson fell to 225th from 198th in 1989 and 188th in 1987.

But more disturbing, as Figure 2 shows, the Phoenix metro area as of 1990 trailed

### Decade of Subpar Increases Due to Several Factors

Over the past decade Arizona's annual seasonally adjusted unemployment rate was consistently lower than the country as a whole. And during that time the state's non-farm wage and salary employment grew more than twice as fast as the national average (47 percent vs. 21.6 percent), while consumer prices for the nation and the Phoenix metro area — where two-thirds of the state's workers reside — increased about the same.

One might surmise from those statistics alone — lower unemployment rates, faster job growth, and similar cost-of-living increases — that wages in Arizona would have increased faster than or at least equal to the national average during that period. But just the opposite was true. Annual growth in Arizona wages remained below U.S. averages eight out of the last 10 years, and in the past several years the difference became even more pronounced.

What gives? Actually, "My dear Watson," it's not as mysterious as a Sherlock Holmes' case. There have been several causes of Arizona's pay-growth malaise, some of which are cyclical and others that appear to have no end in sight. Among these are:

- a continued higher share of service-producing jobs in Arizona than the nation as a whole with significantly faster growth in the state's service-producing industries the past two years.
- an inability for the state to overcome a 50 percent drop in mining jobs in the early 1980s and a 30 percent drop in construction positions since construction employment peaked in 1986.
- a manufacturing sector that boomed in the early part of the decade, but which has been sluggish ever since

(Continued on page 5)

## AVERAGE ANNUAL PAY

the national MSA pay average by 8.9 percent, or \$2,015, compared to 5.2 percent, or \$637, in 1980. And the Tucson MSA fell behind the MSA average last year by \$4,914, or 19.9 percent, compared to 9.9 percent, or \$1,321, a decade earlier.

Focusing on specific Arizona industry data in 1990, as might be expected there were few bright spots, but there were several disturbing statistics of note:

- Despite moderately higher overall pay growth in 1990 than 1989 (3.0 percent vs. 2.1 percent), all of the state's major industry groups last year had lower average-pay gains than their respective sectors nationally (Table 2). In 1989 average annual pay in three major industry groups in Arizona — manufacturing, TCPU (transportation, communications and public utilities), and wholesale trade — rose faster than their national counterparts.
- Services led all of Arizona's sectors in pay growth with a 4.7 percent gain, but it was still well below the national average gain of 6.0 percent. An increase in the minimum wage (affecting hotel services) and soaring medical costs (affecting health services) probably accounted for most of the wage increases in services nationally as well as in Arizona.
- Despite strong over-the-year employment growth in Arizona's public sector (4.4 percent, according to non-farm payroll job data), Arizona's government workers had pay gains of only 2.0 percent. Interestingly, Arizona's government sector pulled down the state's overall pay average, while in surrounding states — Nevada, New Mexico, California, and Utah — the government sector pulled up state averages.
- As expected, savings and loan problems were reflected in poor wage gains in the FIRE (finance, insurance, and real estate) and construction sec-

**Table 1. Average Annual Pay and Percentage Change for U.S. and Selected States for All Covered Workers, 1989-90<sup>1</sup>**

| State           | Rank by Pay | Average Annual Pay |          | Pct. Chg. | Rank by Chg. <sup>3</sup> |
|-----------------|-------------|--------------------|----------|-----------|---------------------------|
|                 |             | 1990 <sup>2</sup>  | 1989     |           |                           |
| United States   | —           | \$23,602           | \$22,563 | 4.6%      | —                         |
| Washington D.C. | 1           | 33,717             | 32,108   | 5.0       | 13                        |
| Alaska          | 2           | 29,946             | 29,704   | 0.8       | 51                        |
| California      | 7           | 26,180             | 24,917   | 5.1       | 9                         |
| Hawaii          | 13          | 23,167             | 21,624   | 7.1       | 1                         |
| Colorado        | 15          | 22,908             | 21,940   | 4.4       | 31                        |
| Washington      | 19          | 22,646             | 21,617   | 4.8       | 21                        |
| Nevada          | 22          | 22,358             | 21,333   | 4.8       | 20                        |
| Arizona         | 26          | 21,443             | \$20,809 | 3.0       | 49                        |
| Oregon          | 27          | 21,332             | 20,303   | 5.1       | 10                        |
| Utah            | 39          | 20,074             | 19,362   | 3.7       | 47                        |
| New Mexico      | 43          | 19,347             | 18,667   | 3.6       | 48                        |

**Notes:**

1. Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.
2. Data are preliminary.
3. Percent changes were computed from unrounded average annual pay data and may differ from those computed using data rounded to the nearest dollar.

Source: U.S. Department of Labor, Bureau of Labor Statistics, August 1991

tors. But on the other hand, significant non-farm payroll employment gains (6.6 percent) in TCPU were not represented in 2.7 percent wage gains for the industry. Major layoffs affecting professional positions at the state's two largest utilities may have contributed to TCPU's lackluster performance.

Specific reasons for Tucson's and Phoenix' fall-off in pay growth last year would tend to parallel industry data for the state as a whole. But the more pronounced drop-off in Pima County is probably partially due to a 5.0 percent loss in manufacturing non-farm payroll employment over 1989, compared to only a 1.1 decline in Maricopa County. Also, TCPU and government employment grew sig-

nificantly faster in the Phoenix area (8.8 percent and 5.1 percent, respectively) than in the Tucson area (1.1 percent and 3.4 percent, respectively).

Looking at the nation as a whole, Washington D.C. led all states in average annual pay in 1990 with an average of \$33,717, followed by Alaska (\$29,946), Connecticut (\$28,995), New York (\$28,873), and New Jersey (\$28,449). Bringing up the bottom were South Dakota (\$16,430), North Dakota (\$17,626), and Mississippi (\$17,626).

In terms of growth, Hawaii had the largest increase in average annual pay between 1989 and 1990, 7.1 percent, followed by New Jersey (6.2 percent) and Rhode Island (6.0 percent). Hawaii's sharp pay

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growth helped move it up five places in the overall rankings in 1990 to 13th. The two states with smaller pay growth than Arizona were Alaska (0.8 percent) and Michigan (2.5 percent).

Among metro areas in 1990, Bridgeport-Stamford-Norwalk-Danbury, Conn., led all MSAs with an average annual-pay level of \$34,313, followed by New York City (\$33,669), San Jose, Calif. (\$32,351), and Anchorage, Alaska (\$30,957). These four metro areas had the same rankings in 1989. Recording the lowest average annual pay for an MSA, at \$14,603, was Jacksonville, N.C., just ahead of McAllen-Edinburg-Mission, Tex. (\$14,783).

Lexington-Fayette, Ky., led all metropolitan areas in percentage growth in average annual pay with an increase of 9.1 percent. Two MSAs experienced pay declines between 1989 and 1990 — Odesa, Tex., -0.7 percent; and Kokomo, Ind., -0.1 percent.

BLS data on average annual pay are compiled from federal and state UI payroll reports submitted by employers on 108 million workers, about 92 percent of total civilian employment.<sup>2</sup> Included in pay totals are bonuses, cash value of meals and lodging, tips and other gratuities, and employer contributions to certain deferred-compensation plans.

Major exclusions from these data include: most agricultural workers on small farms; all members of the military; most elected officials, railroad employees, domestic workers, and student workers at schools; employees of certain small, non-profit organizations; self-employed individuals; and all unpaid members of family businesses.

Average annual pay is determined by dividing total annual pay of full- and part-time employees by the average monthly number of employees. Caution is advised when using these data, however, as certain factors can skew pay averages. Among these are the ratio of full-time to part-time workers, and number of individuals in high-paying and low-paying occupations.

**Table 2. Average Annual Pay and Percent Change by Industry for U.S. and Arizona, 1989-90<sup>1</sup>**

|                                                                           | Average Annual Pay |                 | Pct. Chg. <sup>3</sup> |
|---------------------------------------------------------------------------|--------------------|-----------------|------------------------|
|                                                                           | 1990 <sup>2</sup>  | 1989            |                        |
| <b>United States</b>                                                      |                    |                 |                        |
| <b>Private Industry<sup>4</sup></b>                                       | <b>\$23,258</b>    | <b>\$22,269</b> | <b>4.4%</b>            |
| Mining .....                                                              | 37,149             | 35,787          | 3.8                    |
| Construction .....                                                        | 26,150             | 25,213          | 3.7                    |
| Manufacturing .....                                                       | 28,881             | 27,749          | 4.1                    |
| Transportation, Communications,<br>and Public Utilities .....             | 30,034             | 28,913          | 3.9                    |
| Wholesale Trade .....                                                     | 30,034             | 28,634          | 4.9                    |
| Retail Trade .....                                                        | 12,709             | 12,284          | 3.5                    |
| Finance, Insurance, and Real Estate .....                                 | 29,683             | 28,303          | 4.9                    |
| Services .....                                                            | 22,008             | 20,764          | 6.0                    |
| <b>Government</b>                                                         | <b>25,361</b>      | <b>24,094</b>   | <b>5.3</b>             |
| <b>Arizona</b>                                                            |                    |                 |                        |
| <b>Private Industry<sup>4</sup></b>                                       | <b>\$20,892</b>    | <b>\$20,243</b> | <b>3.2%</b>            |
| Mining .....                                                              | 35,254             | 34,027          | 3.6                    |
| Construction .....                                                        | 22,061             | 21,603          | 2.1                    |
| Manufacturing .....                                                       | 29,090             | 28,404          | 2.4                    |
| Transportation, Communications,<br>and Public Utilities .....             | 27,814             | 27,082          | 2.7                    |
| Wholesale Trade .....                                                     | 26,696             | 25,660          | 4.0                    |
| Retail Trade .....                                                        | 12,474             | 12,228          | 2.0                    |
| Finance, Insurance, and Real Estate .....                                 | 25,145             | 24,714          | 1.7                    |
| Services .....                                                            | 19,921             | 18,988          | 4.9                    |
| <b>Government</b>                                                         | <b>24,085</b>      | <b>23,602</b>   | <b>2.0</b>             |
| <b>Notes:</b>                                                             |                    |                 |                        |
| 1.-3. See Table 1.                                                        |                    |                 |                        |
| 4. Includes data for industries in addition to those shown separately.    |                    |                 |                        |
| Source: U.S. Department of Labor, Bureau of Labor Statistics, August 1991 |                    |                 |                        |

—Brent Fine  
Arizona LMI Newsletter Editor; and  
U.S. Department of Labor, Bureau of  
Labor Statistics

### Notes:

1. Metropolitan areas are defined as either metropolitan statistical areas (MSAs) or primary metropolitan statistical areas (PMSAs). An MSA is a city that has at least a population of 50,000 within its corporate limits or contains a U.S. Bureau of Census-defined "urbanized area" of at least 50,000 in population and has a total population of at least 100,000. A PMSA is an area within an MSA that either was recognized as a separate standard metropolitan statistical area (SMSA) as of

January 1, 1980, or which has a population of 100,000 with at least 60 percent of the population urban and less than 50 percent of the resident workers commuting to jobs outside the area.

2. Data on average annual pay are the product of a federal-state cooperative program in which state employment security agencies (SESAs) prepare summaries of employment and total pay of workers covered by unemployment insurance (UI) legislation. The summaries are a byproduct of the administration of state UI programs, which require most employers to pay quarterly taxes based on wages of workers covered by UI.

## AVERAGE ANNUAL PAY

# Wage Malaise

(Continued from page 2)

- with growth only coming in lower-paying, non-durable goods industries.
- an expansion of the part-time workforce with growth in recent years at rates 3 1/2 times greater than the rest of the country.

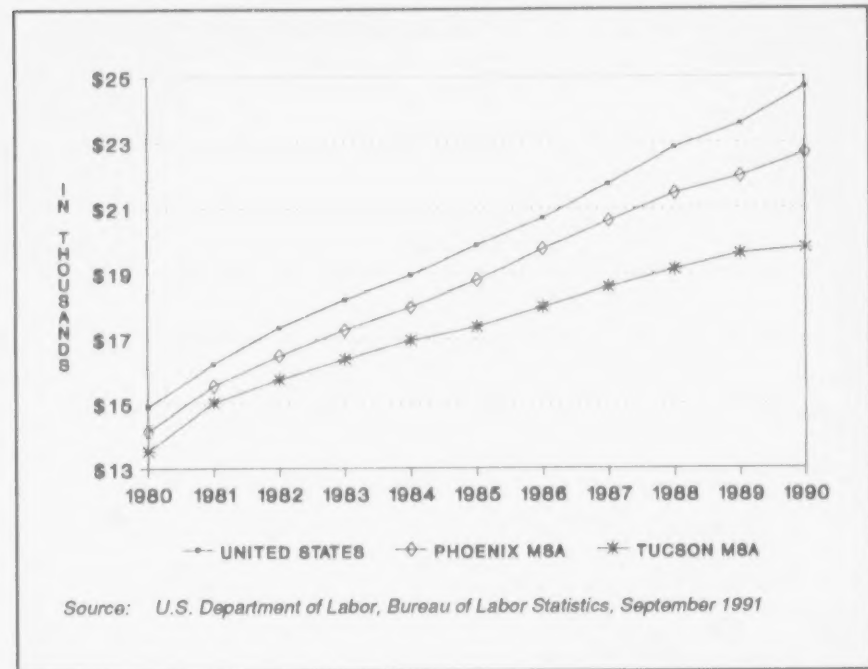
The service-producing sector, which dominates Arizona's economy, continued to expand at significant rates between 1980 and 1990 (58.8 percent). Unfortunately, the service-producing sector — services, FIRE (finance, insurance, and real estate), TCPU (transportation, communications, and public utilities), trade, and government — tends to pay lower wages than the goods-producing sector (manufacturing, construction, and mining), which only grew 11.3 percent during that same period.

The service-producing sector's share of non-farm payroll employment in Arizona increased from 75.1 percent in 1980 to 81.2 percent in 1990, while nationally it rose from 71.6 percent to 77.3 percent. Although the net change in the state's and nation's share of service-producing jobs over that period was not dramatic (6.1 percent 5.7 percent), it was still unfavorable for wage gains in the state — with the gap widening during the past two years.

Between January 1989 and December 1990 non-farm payroll employment in Arizona's service-producing sector expanded 7.6 percent, compared to 5.8 percent for the rest of the country. At the same time goods-producing jobs in Arizona declined 4.8 percent versus a loss of 1.4 percent for the nation. The result: the state's share of service-producing jobs grew much faster than the U.S. share in 1989 and 1990, keeping wage increases down.

Another major factor restraining growth in Arizona wages the past 10 years was the loss of nearly one-half of the state's wage and salary mining jobs in the early '80s and a drop of nearly one-third of non-farm

Figure 2. Average Annual Pay for U.S., Phoenix, and Tucson Metropolitan Statistical Areas, 1980-90



payroll construction positions in the latter part of the decade. Mining is the highest-paying major industry group in Arizona, while construction pay is slightly above the state's average (see Table 2).

In the early part of the '80s the state's mining industry lost nearly half of the 21,000 wage and salary jobs it started the decade with — primarily due to a drop in copper prices — before recovering about 13 percent of the job losses in the last few years. The mining losses, along with a decline of manufacturing jobs, particularly hurt the Tucson metropolitan area (Pima County), which has been unable to keep pace with wage gains of other MSAs (see Figure 2, and "Same Old Story: ... , p. 2).

### Construction Strong in Early '80s

Arizona's construction sector was more than able to offset mining's losses in the early and middle part of the decade with a nearly 50 percent gain in wage and salary positions between 1980 and 1986. But overbuilt conditions and the subsequent savings and loan problems led to a retrac-

ment of most of construction's gains by the end of 1990.

Looking at these industry groups in another way: In 1980 Arizona's mining sector controlled 2.1 percent of non-farm payroll jobs in the state, compared to 1.1 percent for the nation. By the end of 1990 mining's share of wage and salary employment in Arizona had dropped to 0.8 percent, while the U.S. share declined to 0.7 percent. Meanwhile, the state's construction sector controlled 7.6 percent of wage and salary employment in 1980, but only 5.6 percent by 1990. The U.S. construction industry's share of wage and salary jobs only dropped from 4.8 percent in 1980 to 4.7 percent in 1990.

Another piece of the sub-par, wage-growth puzzle — at least in the last several years — has been the state's sluggish manufacturing sector and its growth in lower-paying industries.

On first glance Arizona's manufacturing sector appears to be the star performer of

## AVERAGE ANNUAL PAY

the decade — 20.1 percent growth between 1980 and 1990 versus a 5.8 percent decline for the nation. But upon closer scrutiny it's evident that the state's manufacturing's gains were not as powerful as they appear — in terms of an affect on wages — for three reasons: 1) because of where the gains occurred; 2) because of a steady loss of manufacturing jobs between 1985 and 1990, and at a faster clip than the rest of the country; and 3) because employment gains have been dwarfed by job gains in the lower-paying, service-producing industries.

First, quality of job gains is a major factor in determining an industry's affect on wages. Manufacturing's durable-goods sector (e.g., machinery, aircraft and missiles) tends to pay higher wages than its non-durable goods sector (e.g., food processing, apparel), and in Arizona between 1980 and 1990 non-durable goods industries grew nearly twice as fast as goods-producing industries, 31.6 percent vs. 16.7 percent.

### Non-durable Goods Increased W&S Share

Although in total numbers the durable-goods sector gained more jobs than non-durable-goods sector in that time (20,000 versus 12,000), non-durable goods' share of Arizona's manufacturing employment increased from 22.5 percent to 24.7 percent. Nationally, durable-goods' share of manufacturing jobs increased from 40.1 percent to 41.8 percent during that period.

It's also important to note that Arizona's manufacturing job gains came early in the decade — when the state had wage gains closer to the national average — but between 1985 and 1990 the state's manufacturing wage and salary employment declined (-2.0 percent), and at a much faster rate than the rest of the nation (-0.7 percent). And interestingly job losses in manufacturing during those five years were due exclusively to the durable-goods sector (-2.9 percent), while the non-durable goods sector experienced most of its payroll-job gains for the decade during that period, 20.8 percent.

Finally, despite overall employment gains

**Table 3. Percentage Change of Non-farm Wage and Salary Employment In Selected Industries, Arizona vs. U.S., 1980-1990**

|                          | Arizona      | U.S.         |
|--------------------------|--------------|--------------|
| <b>Wage and Salary</b>   | <b>47.0%</b> | <b>21.6%</b> |
| <b>Goods-Producing</b>   | <b>11.3</b>  | <b>-2.7</b>  |
| <b>Service-Producing</b> | <b>58.8</b>  | <b>31.3</b>  |
| <b>Manufacturing</b>     | <b>20.1</b>  | <b>-5.8</b>  |
| <b>Durable Goods</b>     | <b>16.7</b>  | <b>-8.6</b>  |
| <b>Non-durable Goods</b> | <b>31.6</b>  | <b>-1.6</b>  |
| <b>Construction</b>      | <b>8.1</b>   | <b>18.2</b>  |
| <b>Mining</b>            | <b>-41.0</b> | <b>-30.8</b> |
| <b>Services</b>          | <b>95.5</b>  | <b>57.9</b>  |
| <b>Retail Trade</b>      | <b>52.5</b>  | <b>31.1</b>  |

*Source: U.S. Dept. of Labor, Bureau of Labor Statistics; and Arizona Dept. of Economic Security, Research Administration, 1980-1990*

Arizona's manufacturing sector made the last decade, manufacturing's share of total payroll employment in Arizona during that period actually declined — from 15.2 percent to 12.4 percent — due to the phenomenal growth in the service-producing industries. Nationally, as might be expected, manufacturing's share of total payroll employment also declined — from 22.4 percent to 17.4 percent — but the U.S. manufacturing sector's share of total wage and salary employment was still much higher than Arizona's share.

Another major depressant on Arizona wages in recent years — and maybe the most significant in terms of future trends — has been the dramatic growth in part-time employment. As a general rule part-time workers (34 hours or less) make lower

wages and receive fewer benefits than full-time workers, although the latter category is not part of the BLS annual wage survey.

Between 1985 and 1990 part-time employment in Arizona jumped 24.7 percent (56,000 jobs), compared to increases of only 7.0 percent nationally and 8 percent in fast-growing California, according to data from the Current Population Survey (CPS). The CPS is a monthly survey of 60,000 U.S. households conducted by the Census Bureau for the U.S. Department of Labor's Bureau of Labor Statistics (BLS).

Despite strong full-time employment gains in Arizona during that time (17.3 percent versus 10.7 percent nationally), part-time workers' share of total employment in Arizona increased from 16.7 percent to 17.6 percent, while nationally part-time employment's share of total employment decreased from 17.4 percent to 16.9 percent. Total employment includes wage and salary workers, plus the self-employed, agricultural workers, unpaid family members, and domestic workers.

Although no specific industry data on part-time employment at the state level is available from the CPS data, as a general rule the lower-paying retail trade and service industries employ a large percentage of part-time employees. And over the last five years the major portion of the state's wage and salary employment growth has occurred in either retail trade (18.7 percent growth) and services (35.4 percent growth). In fact, without those two major industry groups Arizona's wage and salary job growth between 1985 and 1990 (16.7 percent) would have been negative.

While the jump in part-time workers in Arizona could be partially explained by a large increase in the number of people working two or more jobs, that doesn't appear to be the case. Somewhat surprisingly the state ranked 46th among all states in a May 1989 survey of multiple jobholders<sup>2</sup> by the CPS, with only 4.9 percent of Arizona workers reporting they worked two or more jobs simultaneously.

*(Continued on page 12)*

# The Arizona Labor Force in September

Total unemployment in Arizona increased by 5,300 in August, helping push last month's seasonally adjusted unemployment rate up four-tenths of a percent to 5.3 percent. All of Arizona's counties, except Graham, also experienced higher unemployment rates in August, while nationally, total unemployment was little changed and the U.S. unemployment rate held steady at 6.8 percent.

The good news for Arizona was that non-farm payroll employment rose 7,100 last month with the government sector providing most of the gain. All but two of Arizona's major industry groups — transportation, communications, and public utilities (TCPU) and services — gained employment in August.

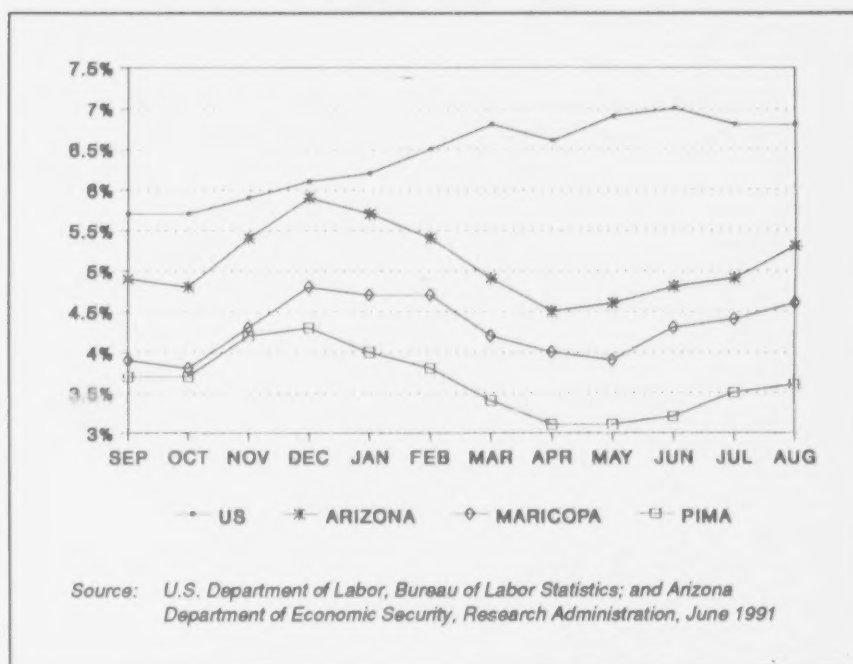
Employment losses in TCPU were not unexpected, as the much publicized layoffs at America West Airlines began in earnest. Typically, services employment declines in August due to tourism-related layoffs in the Phoenix and Tucson areas, and this year was no exception.

The government sector experienced a normal seasonal increase in August of 4,800 jobs. Seasonal employment declines occurred at the city and county level — as summer employment programs for youth came to an end — but were offset by gains in the school (6,000) and federal sectors. Arizona will see additional gains in school employment in September as teachers and support personnel continue to report back to work for the fall semester.

Trade posted the second largest gain in August among major industry groups, up 1,100 jobs. Retail trade had an increase of 1,600 jobs with most of the gain occurring within eating and drinking places and in the catch-all category of "other retail." Food stores was the only retail trade sub-industry to lose employment in August.

Employment in Arizona's wholesale trade sector, meanwhile, declined 500 last month. Nationally, wholesale trade

Figure 1. U.S., Arizona, Maricopa County, and Pima County Unemployment Rates, September 1990-August 1991



employment declined by 18,000 in August, and the sector has lost 165,000 jobs the past 12 months.

## Manufacturing Posts Strong Gains

Surprisingly, the manufacturing sector had the third largest gain among Arizona's major industry groups in August, up 1,000 jobs. Unfortunately, gains occurred only in the non-durable goods sector. Durable goods manufacturing in Arizona continued its slide with most of the losses occurring in aircraft manufacturing.

Arizona's mining, construction, and FIRE (finance, insurance and real estate) industries each had job gains of 200 last month. The non-metropolitan counties (all counties except Pima and Maricopa) were most responsible for the increase in mining employment, while Maricopa County posted most of the increase in construction and FIRE employment.

Although up modestly in August, statewide construction employment is still down 4,500 over-the-year. Maricopa County is responsible for most of construction's over-the-year loss, down 4,800 positions, with the rural counties as

a whole contributing an additional loss of 400. Pima County, however, has an over-the-year gain of 700.

Statewide, services employment was down 100 last month with losses in hotels and other lodging places and miscellaneous services offsetting gains in business services. While services showed little change in employment in August, the industry is up a healthy 14,600 jobs over-the-year.

As is the case nationally, Arizona's labor market continues to lack clear direction. Total unemployment declined in the first five months of the year, but has risen in the last three months. Non-farm payroll employment this year has been down in five months and up in three, but is still showing a 1.6 percent gain over August 1990 levels. However, if the last decade is any indication of the short-term outlook, then Arizona should see monthly increases in non-farm payroll employment through the end of 1991.

—Dennis Doby  
RA Economist

# Arizona Labor Force and Employment

## August 1991 (in Thousands)

|                                          | ARIZONA       |                |              |                |                | MARICOPA COUNTY |                |              |                |                | PIMA COUNTY   |                |              |                |                |
|------------------------------------------|---------------|----------------|--------------|----------------|----------------|-----------------|----------------|--------------|----------------|----------------|---------------|----------------|--------------|----------------|----------------|
|                                          | Aug.*<br>1991 | July**<br>1991 | Aug.<br>1990 | July -<br>Aug. | 1990 -<br>1991 | Aug.*<br>1991   | July**<br>1991 | Aug.<br>1990 | July -<br>Aug. | 1990 -<br>1991 | Aug.*<br>1991 | July**<br>1991 | Aug.<br>1990 | July -<br>Aug. | 1990 -<br>1991 |
| <b>TOTAL CIVILIAN LABOR FORCE***</b>     | 1708.0        | 1717.5         | 1726.3       | -9.5           | -18.3          | 1063.8          | 1074.6         | 1075.1       | -10.8          | -11.3          | 314.1         | 313.8          | 314.9        | 0.3            | -0.8           |
| <b>Total Unemployment</b>                | 99.5          | 94.2           | 101.0        | 5.3            | -1.5           | 51.8            | 49.7           | 48.7         | 2.1            | 3.1            | 12.0          | 11.4           | 13.3         | 0.6            | -1.3           |
| <b>Unemployment Rate</b>                 | 5.8%          | 5.5%           | 5.9%         | —              | —              | 4.9%            | 4.6%           | 4.5%         | —              | —              | 3.8%          | 3.6%           | 4.2%         | —              | —              |
| <b>Unemployment Rate (Sea. Adj.)****</b> | 5.3%          | 4.9%           | 5.4%         | —              | —              | 4.6%            | 4.4%           | 4.3%         | —              | —              | 3.6%          | 3.5%           | 4.1%         | —              | —              |
| <b>Total Employment</b>                  | 1608.5        | 1623.3         | 1625.3       | -14.8          | -16.8          | 1012.0          | 1024.9         | 1026.4       | -12.9          | -14.4          | 302.1         | 302.4          | 301.3        | -0.3           | 0.8            |

Note: Above labor force statistics should not be used for economic-assistance programs

### NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

|                                                       |        |        |        |      |      |       |       |       |      |      |       |       |       |      |      |
|-------------------------------------------------------|--------|--------|--------|------|------|-------|-------|-------|------|------|-------|-------|-------|------|------|
| <b>TOTAL WAGE AND SALARY</b>                          | 1489.9 | 1482.8 | 1465.9 | 7.1  | 24.0 | 980.7 | 979.4 | 970.3 | 1.3  | 10.4 | 255.2 | 252.4 | 249.1 | 2.8  | 6.1  |
| <b>Manufacturing</b>                                  | 179.7  | 178.7  | 185.8  | 1.0  | -6.1 | 133.5 | 132.6 | 138.2 | 0.9  | -4.7 | 25.4  | 25.7  | 26.4  | -0.3 | -1.0 |
| Durable Goods                                         | 133.5  | 133.8  | 140.0  | -0.3 | -6.5 | 101.1 | 101.3 | 105.8 | -0.2 | -4.7 | 19.6  | 19.9  | 20.7  | -0.3 | -1.1 |
| Stone, Clay, and Glass                                | 6.2    | 6.3    | 6.9    | -0.1 | -0.7 | 3.5   | 3.5   | 4.1   | 0.0  | -0.6 |       |       |       |      |      |
| Primary and Fabricated Metals                         | 14.1   | 14.1   | 14.2   | 0.0  | -0.1 | 9.5   | 9.6   | 9.6   | -0.1 | -0.1 |       |       |       |      |      |
| Primary Metals                                        | 6.2    | 6.2    | 6.2    | 0.0  | 0.0  |       |       |       |      |      |       |       |       |      |      |
| Fabricated Metals                                     | 7.9    | 7.9    | 8.0    | 0.0  | -0.1 |       |       |       |      |      |       |       |       |      |      |
| Machinery                                             | 57.0   | 57.0   | 59.6   | 0.0  | -2.6 | 47.3  | 47.2  | 49.5  | 0.1  | -2.2 |       |       |       |      |      |
| Aircraft and Missiles                                 | 24.9   | 25.3   | 27.5   | -0.4 | -2.6 |       |       |       |      |      |       |       |       |      |      |
| Lumber and Wood Products (Excluding Furniture)        | 6.5    | 6.4    | 6.7    | 0.1  | -0.2 |       |       |       |      |      |       |       |       |      |      |
| Nondurable Goods                                      | 46.2   | 44.9   | 45.8   | 1.3  | 0.4  | 32.4  | 31.3  | 32.4  | 1.1  | 0.0  | 5.8   | 5.8   | 5.7   | 0.0  | 0.1  |
| Food and Kindred Products                             | 10.6   | 10.3   | 10.3   | 0.3  | 0.3  | 7.2   | 7.0   | 7.0   | 0.2  | 0.2  |       |       |       |      |      |
| Printing and Publishing                               | 17.0   | 16.9   | 17.1   | 0.1  | -0.1 | 11.8  | 11.7  | 12.1  | 0.1  | -0.3 |       |       |       |      |      |
| <b>Mining and Quarrying</b>                           | 13.4   | 13.2   | 12.7   | 0.2  | 0.7  | 0.7   | 0.7   | 0.8   | 0.0  | -0.1 | 2.4   | 2.4   | 2.2   | 0.0  | 0.2  |
| Copper Mining                                         | 10.7   | 10.5   | 10.0   | 0.2  | 0.7  |       |       |       |      |      |       |       |       |      |      |
| <b>Construction</b>                                   | 81.4   | 81.2   | 85.9   | 0.2  | -4.5 | 52.8  | 52.6  | 57.6  | 0.2  | -4.8 | 15.8  | 15.9  | 15.1  | -0.1 | 0.7  |
| <b>Trans., Communications, &amp; Public Utilities</b> | 81.8   | 82.1   | 81.7   | -0.3 | 0.1  | 57.4  | 57.8  | 58.3  | -0.4 | -0.9 | 10.4  | 10.3  | 9.5   | 0.1  | 0.9  |
| Transportation                                        | 47.2   | 47.5   | 45.4   | -0.3 | 1.8  | 34.7  | 35.0  | 34.1  | -0.3 | 0.6  | 5.9   | 5.8   | 4.9   | 0.1  | 1.0  |
| Communications and Public Utilities                   | 34.6   | 34.6   | 36.3   | 0.0  | -1.7 | 22.7  | 22.8  | 24.2  | -0.1 | -1.5 | 4.5   | 4.5   | 4.6   | 0.0  | -0.1 |
| <b>Trade</b>                                          | 375.3  | 374.2  | 365.3  | 1.1  | 10.0 | 253.1 | 252.4 | 244.1 | 0.7  | 9.0  | 60.9  | 60.2  | 59.3  | 0.7  | 1.6  |
| Wholesale Trade                                       | 75.8   | 76.3   | 74.1   | -0.5 | 1.7  | 61.4  | 61.5  | 60.0  | -0.1 | 1.4  | 7.5   | 7.5   | 7.4   | 0.0  | 0.1  |
| Retail Trade                                          | 299.5  | 297.9  | 291.2  | 1.6  | 8.3  | 191.7 | 190.9 | 184.1 | 0.8  | 7.6  | 53.4  | 52.7  | 51.9  | 0.7  | 1.5  |
| General Merchandise and Apparel                       | 47.3   | 46.7   | 45.5   | 0.6  | 1.8  | 29.0  | 28.5  | 27.6  | 0.5  | 1.4  | 8.7   | 8.6   | 8.3   | 0.1  | 0.4  |
| Food Stores                                           | 50.1   | 50.4   | 48.9   | -0.3 | 1.2  | 32.1  | 32.0  | 30.6  | 0.1  | 1.5  | 8.7   | 8.8   | 8.6   | -0.1 | 0.1  |
| Automotive and Service Stations                       | 35.4   | 35.4   | 35.1   | 0.0  | 0.3  | 22.2  | 22.2  | 21.8  | 0.0  | 0.4  | 5.6   | 5.7   | 5.7   | -0.1 | -0.1 |
| Eating and Drinking Places                            | 107.5  | 106.8  | 103.9  | 0.7  | 3.6  | 69.0  | 68.9  | 66.1  | 0.1  | 2.9  | 19.8  | 19.4  | 18.7  | 0.4  | 1.1  |
| <b>Finance, Insurance, and Real Estate</b>            | 95.2   | 95.0   | 95.4   | 0.2  | -0.2 | 76.0  | 75.9  | 76.2  | 0.1  | -0.2 | 11.7  | 11.7  | 11.7  | 0.0  | 0.0  |
| <b>Services and Miscellaneous</b>                     | 419.7  | 419.8  | 405.2  | -0.1 | 14.5 | 282.3 | 282.6 | 273.9 | -0.3 | 8.4  | 77.7  | 77.6  | 73.7  | 0.1  | 4.0  |
| Hotels and Lodging Places                             | 42.2   | 42.6   | 42.2   | -0.4 | 0.0  | 25.3  | 25.6  | 25.2  | -0.3 | 0.1  | 6.1   | 6.2   | 6.0   | -0.1 | 0.1  |
| Business Services*****                                | 82.2   | 81.8   | 79.4   | 0.4  | 2.8  | 65.4  | 65.2  | 63.9  | 0.2  | 1.5  | 11.8  | 11.7  | 11.1  | 0.1  | 0.7  |
| Health Services                                       | 104.5  | 104.5  | 101.2  | 0.0  | 3.3  | 67.3  | 67.4  | 65.8  | -0.1 | 1.5  | 23.1  | 22.9  | 21.7  | 0.2  | 1.4  |
| <b>Government</b>                                     | 243.4  | 238.6  | 233.9  | 4.8  | 9.5  | 124.9 | 124.8 | 121.2 | 0.1  | 3.7  | 50.9  | 48.6  | 51.2  | 2.3  | -0.3 |
| Federal                                               | 45.7   | 44.7   | 46.9   | 1.0  | -1.2 |       |       |       |      |      |       |       |       |      |      |

\* Preliminary  
 \*\* Revised  
 \*\*\* Adjusted to the Current Population Survey to reflect place of residence

\*\*\*\* Normal seasonal variations have been eliminated to reflect underlying economic trends  
 \*\*\*\*\* Business Services underwent a series of reclassifications between December 1987 and January 1988

Note: Annual averages may not total correctly due to rounding

Prepared by the Arizona Dept. of Economic Security, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

**Non-metropolitan Counties  
Labor Force and Employment  
August 1991**

|                       | <u>Apache</u> | <u>Cochise</u> | <u>Coconino</u> | <u>Gila</u> | <u>Graham</u> | <u>Greenlee</u> |
|-----------------------|---------------|----------------|-----------------|-------------|---------------|-----------------|
| CIVILIAN LABOR FORCE* | 13,875        | 34,900         | 44,750          | 13,550      | 8,350         | 3,550           |
| Total Unemployment    | 2,000         | 2,300          | 3,000           | 1,175       | 525           | 225             |
| Rate                  | 14.4%         | 6.6%           | 6.7%            | 8.7%        | 6.2%          | 6.4%            |
| Rate (Seas. Adj.)**   | 12.0%         | 6.9%           | 6.2%            | 8.9%        | 5.7%          | 6.4%            |
| Total Employment      | 11,875        | 32,600         | 41,750          | 12,375      | 7,825         | 3,325           |

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED  
FOR ECONOMIC ASSISTANCE PROGRAMS

|                       |        |        |        |        |       |       |
|-----------------------|--------|--------|--------|--------|-------|-------|
| TOTAL WAGE AND SALARY | 14,900 | 25,275 | 42,225 | 11,900 | 5,300 | 3,500 |
| Manufacturing         | 550    | 1,075  | 3,525  | 1,450  | 225   | 25    |
| Mining & Quarrying    | 25     | 100    | 75     | 1,375  | 0     | 1,975 |
| Construction          | 450    | 975    | 1,600  | 675    | 150   | 375   |
| T.C.P.U.              | 1,900  | 1,700  | 2,625  | 550    | 125   | 50    |
| Trade                 | 1,500  | 5,025  | 10,550 | 2,450  | 1,575 | 300   |
| F.I.R.E.              | 500    | 650    | 850    | 300    | 125   | 25    |
| Services & Misc.      | 5,375  | 5,125  | 11,575 | 2,425  | 875   | 175   |
| Government            | 4,600  | 10,625 | 11,425 | 2,675  | 2,225 | 575   |

|                       | <u>La Paz</u> | <u>Mohave</u> | <u>Navajo</u> | <u>Pinal</u> | <u>Santa Cruz</u> | <u>Yavapai</u> | <u>Yuma</u> |
|-----------------------|---------------|---------------|---------------|--------------|-------------------|----------------|-------------|
| CIVILIAN LABOR FORCE* | 5,475         | 39,175        | 28,000        | 37,325       | 11,600            | 42,600         | 47,075      |
| Total Unemployment    | 475           | 2,425         | 2,925         | 3,000        | 1,950             | 2,025          | 13,725      |
| Rate                  | 8.8%          | 6.2%          | 10.4%         | 8.0%         | 16.9%             | 4.8%           | 29.1%       |
| Rate (Seas. Adj.)**   | 7.6%          | 6.2%          | 9.6%          | 7.3%         | 11.3%             | 5.0%           | 17.8%       |
| Total Employment      | 5,000         | 36,750        | 25,075        | 34,325       | 9,650             | 40,575         | 33,350      |

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED  
FOR ECONOMIC ASSISTANCE PROGRAMS

|                       |       |        |        |        |        |        |        |
|-----------------------|-------|--------|--------|--------|--------|--------|--------|
| TOTAL WAGE AND SALARY | 3,975 | 28,075 | 22,025 | 29,325 | 10,425 | 29,575 | 27,475 |
| Manufacturing         | 275   | 2,550  | 2,025  | 3,475  | 1,000  | 2,525  | 2,050  |
| Mining & Quarrying    | 75    | 50     | 1,275  | 4,175  | 25     | 1,075  | 50     |
| Construction          | 300   | 2,700  | 875    | 550    | 300    | 2,525  | 1,325  |
| T.C.P.U.              | 150   | 1,375  | 1,575  | 1,150  | 725    | 1,075  | 1,025  |
| Trade                 | 1,300 | 8,325  | 4,425  | 5,325  | 4,550  | 8,050  | 8,025  |
| F.I.R.E.              | 100   | 1,425  | 450    | 775    | 275    | 1,025  | 975    |
| Services & Misc.      | 900   | 7,250  | 5,650  | 4,975  | 1,775  | 7,500  | 6,075  |
| Government            | 875   | 4,400  | 5,750  | 8,900  | 1,775  | 5,800  | 7,950  |

\* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

\*\* Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

**Estimated Hours and Earnings of Production  
Workers in Selected Industries  
Arizona**

| INDUSTRY                      | AVERAGE WEEKLY EARNINGS |                |              | AVERAGE WEEKLY HOURS |                |              | AVERAGE HOURLY EARNINGS |                |              |
|-------------------------------|-------------------------|----------------|--------------|----------------------|----------------|--------------|-------------------------|----------------|--------------|
|                               | Aug.*<br>1991           | July**<br>1991 | Aug.<br>1990 | Aug.*<br>1991        | July**<br>1991 | Aug.<br>1990 | Aug.*<br>1991           | July**<br>1991 | Aug.<br>1990 |
| Manufacturing . . . . .       | \$434.16                | \$432.15       | \$414.28     | 40.5                 | 40.2           | 40.3         | \$10.72                 | \$10.75        | \$10.28      |
| Aircraft & Missiles . . . . . | 663.87                  | 662.39         | 647.57       | 45.1                 | 45.4           | 45.7         | 14.72                   | 14.59          | 14.17        |
| Food & Kindred Prod. . . . .  | 338.82                  | 339.44         | 364.27       | 38.9                 | 37.8           | 40.7         | 8.71                    | 8.98           | 8.95         |
| Primary Metals . . . . .      | 522.70                  | 495.46         | 504.06       | 40.9                 | 39.7           | 37.2         | 12.78                   | 12.48          | 13.55        |
| Machinery . . . . .           | 422.93                  | 426.12         | 359.72       | 39.6                 | 40.2           | 37.2         | 10.68                   | 10.60          | 9.67         |
| Copper Mining . . . . .       | 648.56                  | 648.61         | 583.44       | 44.0                 | 42.7           | 42.9         | 14.74                   | 15.19          | 13.60        |
| Construction . . . . .        | 442.38                  | 451.20         | 452.35       | 37.3                 | 37.6           | 37.2         | 11.86                   | 12.00          | 12.16        |
| Utilities . . . . .           | 728.46                  | 761.24         | 699.94       | 42.8                 | 43.4           | 44.3         | 17.02                   | 17.54          | 15.80        |
| Retail Trade** . . . . .      | 275.47                  | 274.49         | 260.10       | 32.6                 | 32.6           | 32.8         | 8.45                    | 8.42           | 7.93         |
| Wholesale Trade . . . . .     | 408.05                  | 409.55         | 381.31       | 38.1                 | 37.3           | 38.4         | 10.71                   | 10.98          | 9.93         |

**Estimated Hours and Earnings of Production  
Workers in Selected Industries  
Maricopa County**

| INDUSTRY                  | AVERAGE WEEKLY EARNINGS |                |              | AVERAGE WEEKLY HOURS |                |              | AVERAGE HOURLY EARNINGS |                |              |
|---------------------------|-------------------------|----------------|--------------|----------------------|----------------|--------------|-------------------------|----------------|--------------|
|                           | Aug.*<br>1991           | July**<br>1991 | Aug.<br>1990 | Aug.*<br>1991        | July**<br>1991 | Aug.<br>1990 | Aug.*<br>1991           | July**<br>1991 | Aug.<br>1990 |
| Manufacturing . . . . .   | \$450.32                | \$454.40       | \$446.42     | 41.2                 | 40.9           | 41.8         | \$10.93                 | \$11.11        | \$10.68      |
| Construction . . . . .    | 464.84                  | 477.88         | 458.30       | 37.7                 | 38.2           | 36.9         | 12.33                   | 12.51          | 12.42        |
| Retail Trade** . . . . .  | 292.71                  | 283.47         | 273.39       | 33.8                 | 33.0           | 33.3         | 8.66                    | 8.59           | 8.21         |
| Wholesale Trade . . . . . | 420.53                  | 424.13         | 398.87       | 38.3                 | 37.7           | 37.7         | 10.98                   | 11.25          | 10.58        |

**Estimated Hours and Earnings of Production  
Workers in Selected Industries  
Pima County**

| INDUSTRY                | AVERAGE WEEKLY EARNINGS |                |              | AVERAGE WEEKLY HOURS |                |              | AVERAGE HOURLY EARNINGS |                |              |
|-------------------------|-------------------------|----------------|--------------|----------------------|----------------|--------------|-------------------------|----------------|--------------|
|                         | Aug.*<br>1991           | July**<br>1991 | Aug.<br>1990 | Aug.*<br>1991        | July**<br>1991 | Aug.<br>1990 | Aug.*<br>1991           | July**<br>1991 | Aug.<br>1990 |
| Manufacturing . . . . . | \$414.32                | \$410.74       | \$353.60     | 39.8                 | 39.8           | 37.3         | \$10.41                 | \$10.32        | \$9.48       |
| Construction . . . . .  | 386.13                  | 397.67         | 381.26       | 36.6                 | 37.2           | 35.9         | 10.55                   | 10.69          | 10.62        |
| Utilities . . . . .     | 632.59                  | 641.24         | 650.16       | 41.4                 | 41.0           | 43.0         | 15.28                   | 15.64          | 15.12        |

\* Preliminary.

\*\* Revised

\*\*\* Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

## Arizona Labor Force and Employment for Economic Assistance Programs August 1991

| <u>County</u> | <u>Civilian<br/>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Rate</u> |
|---------------|---------------------------------|-------------------|---------------------|-------------|
| Statewide     | 1,708,008                       | 1,608,542         | 99,466              | 5.8%        |
| Apache        | 13,874                          | 11,871            | 2,003               | 14.4        |
| Cochise       | 34,892                          | 32,603            | 2,289               | 6.6         |
| Coconino      | 44,746                          | 41,753            | 2,993               | 6.7         |
| Gila          | 13,551                          | 12,370            | 1,181               | 8.7         |
| Graham        | 8,339                           | 7,826             | 513                 | 6.2         |
| Greenlee      | 3,542                           | 3,317             | 225                 | 6.4         |
| La Paz        | 5,476                           | 4,992             | 484                 | 8.8         |
| Maricopa      | 1,063,778                       | 1,012,016         | 51,762              | 4.9         |
| Mohave        | 39,170                          | 36,749            | 2,421               | 6.2         |
| Navajo        | 27,998                          | 25,078            | 2,920               | 10.4        |
| Pima          | 314,060                         | 302,072           | 11,988              | 3.8         |
| Pinal         | 37,321                          | 34,326            | 2,995               | 8.0         |
| Santa Cruz    | 11,594                          | 9,638             | 1,956               | 16.9        |
| Yavapai       | 42,599                          | 40,575            | 2,024               | 4.8         |
| Yuma          | 47,071                          | 33,357            | 13,714              | 29.1        |

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983.  
Data are not comparable to any past series.

## Wage Malaise

(Continued from page 6)

The survey, however, was subject to an error factor of plus or minus 1.4 percent, which means the state's percentage of multiple jobholders could have been closer to the U.S. average of 6.2 percent. But nevertheless, Arizona would not have had a higher-than-normal number of multiple jobholders.

In summary, there have been several factors at work the past decade that kept Arizona's wage gains well below the national average. Some of these, like the loss

of construction and mining jobs, are cyclical with the state likely to receive an employment and pay boost from these areas during the 1990s (mining and construction payroll employment is up slightly in 1991). On the other hand, the fast growth in service-producing industries and part-time employment is likely to continue, along with a restraint on government employment, keeping downward pressure on Arizona wage gains.

—Brent Fine  
*Arizona LMI Newsletter Editor*

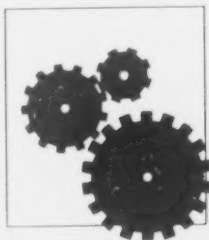
### Notes:

1. CPS' estimate of part-time employment for states was subject to sampling error. Arizona's part-time employment data for 1985 and 1990 were tested against BLS standards to ensure statistical significance at the 90 percent confidence level. Additional information about the CPS employment survey, including details about sampling error, can be found in BLS' *Geographic Profile of Employment and Unemployment*, Bulletin 2381.
2. BLS defines multiple jobholders as persons who are working two jobs at the same time. Individuals, such as teachers, who work at two different jobs during the year, but not at the same time, are not considered multiple-job holders by BLS.

## Arizona Submits Proposal for Jet Plant Expected to Employ Up to 10,000 Workers

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the *Arizona LMI Newsletter* is not responsible for incorrect information reported by these sources.

**MANUFACTURING** — In early September, the state submitted a proposal to **McDonnell Douglas Corp.** to bring a **planned aircraft-manufacturing facility** for its new **MD-12X commercial airliner** to the East Valley. The \$800 million aircraft plant is expected to employ about 10,000 workers. The state is reported to be offering hundreds of millions in incentives, as well as special training for workers through the Maricopa County Community College system. In addition, Arizona has proposed that land at the soon-to-be-vacant Williams Air Force Base in Mesa be used for the aircraft facility. McDonnell Douglas, which is looking at several sites across the country, is expected to make a decision early next year.



The **start-up in September** of a new Phoenix-area daily newspaper, *The Arizona Newsday*, has been **postponed at least until January**, according to a spokesperson for the paper's founder, former Gov. Evan Mecham. The major reason given for the delay is the uncompleted remodeling of a 165,000-square-foot building at 4636 N. 43rd Avenue in Glendale that will be used for the publication's production facility and offices. The newspaper was expected to employ up to 2,000 workers, according to earlier newspaper reports.

A lucrative deal between **International Business Machines and SGS-Thompson Microelectronics** will allow the latter to **keep its U.S. headquarters and 100 employees in Phoenix**. SGS-Thompson has agreed to make computer chips for IBM's new generation of graphics displays that will be used in its line of personal computers. In January, SGS-Thompson had announced it would close its Phoenix operation.

**Automotive Parts Exchange**, which rebuilds parts such as starters, alternators, and generators for foreign and domestic cars, **continues to expand its workforce since moving to Yuma from Orange, Calif.** About 300 people currently work in the Yuma plant, 10395 Avenue 4E, and the company expects to hire an additional 200 to 400 workers by April.

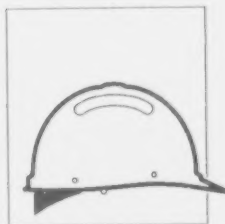
The **Prescott Planning and Zoning Commission** has given its **blessing to a planned 10 1/2-acre industrial park** that the city

## NEW DEVELOPMENTS

would develop, pending city council approval, into nine lots for light industry and manufacturing businesses. Several businesses, including a sporting-goods manufacturer, have expressed interest in the park, which would be located southwest of Wilkinson Drive at the city's airport, says a Prescott official.

Scottsdale-based **Edgcore Technology Inc.**, which manufactured high-speed microcomputers, **ceased to operate as of late August**. The eight-year-old company at one time had employed 150 people at its 46,000-square-foot manufacturing operation, but was down to less than 10 workers at the end. Motorola Inc. purchased the company's technology and hired the last of Edgcore's employees.

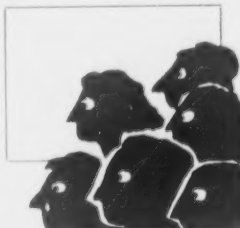
**CONSTRUCTION** — The proposed multi-million dollar **Square One project near Patriots Park in downtown Phoenix has been scrapped**. Withdrawal of financing by Citibank, the collapse of the Arizona real estate market, and the opening of the Arizona Center and The Mercado were cited as major reasons for the collapse of the 80,000-square-foot project, which was expected to offer several stories of retail shops and restaurants.



**Site-preparation work for Southwest Airlines' \$10 million maintenance facility** at Sky Harbor International Airport was **set to begin in mid-September**. The 125,000-square-foot maintenance facility, which will service the airline's fleet of Boeing 737 aircraft, is scheduled to open next August and initially employ about 150 workers.

**McCarthy**, a St. Louis-based construction company, was set to begin work in September on a **\$30 million expansion and renovation of St. Joseph's Hospital and Medical Center** in Phoenix. The majority of the work will be concentrated on remodeling of 300,000 square feet of space used for obstetrics, radiology, pediatrics, and other areas.

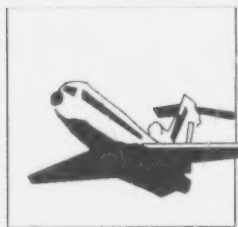
**TRADE** — The merged drug-store chain of **Revco and Super X** was **officially changed to RxPlus** in September. Revco and Super X were previously under Chapter 11 bankruptcy protection. RxPlus has 159 stores in four western states, including 100 in Arizona and 46 in the Valley, making it the state's largest drug-store chain. RxPlus, which has its headquarters in Phoenix and a warehouse in Glendale, employs about 1,750 people statewide.



Sixteen additional retail stores and four restaurants are scheduled to open by the end of the year at the recently remodeled **Scottsdale Fashion Square shopping center** on Camelback Road. The new stores will give the retail complex a total of 120, an 80 percent occupancy rate. Meanwhile, Fashion Square's next-door neighbor, Dallas-based **Neiman Marcus**, is planning to open its first Arizona location in October at the CamelView Plaza.

California-based **RB Furniture Inc.** is expected to close its five Arizona retail locations by the end of the year. A downturn in the economy and high operating costs were cited as the major reasons for the shutdown of two stores in Phoenix and one each in Mesa, Scottsdale, and Tucson. No information on expected employment losses was made available.

#### **TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES**

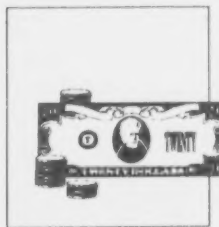


**Prescott** may soon have a new airline and runway for its airport if all goes according to plan. Prescott-based **Arizona Pacific Airways** plans to begin daily flights between Prescott and Phoenix starting in mid-October. The new airline is awaiting approval for a grant from the federal government, but has already raised \$1 million in capital. Arizona Pacific, which expects to employ about 20

workers, may also expand its service to Laughlin, Nev., and Grand Canyon. Mesa Airlines of Farmington, N.M., also offers Phoenix-to-Prescott service. Meanwhile, the Federal Aviation Administration has offered \$3 million to Prescott to design and construct a new parallel runway at the city's airport, Ernest A. Love Field. The grant would pay more than 90 percent of the cost. The Prescott City Council was expected in September to decide whether to accept the funds and pay for the remaining cost as part of its 1991-92 budget.

**Colorado City** opened a \$1.4 million, dual-runway airport in September, and city officials expect that it will help spur economic development, particularly in the area of tourism. Colorado City is located near Zion and Bryce national parks in southern Utah and the north rim of the Grand Canyon. A 5,600-square-foot hanger is currently under construction with plans for a terminal down the line.

#### **FINANCE, INSURANCE AND REAL ESTATE**



**First Interstate Bancorp** of Los Angeles, parent company of First Interstate Bank of Arizona, plans to lay off 3,500 workers, about 10 percent of its workforce, in order to cut annual expenses by \$250 million. First Interstate is expected to lose \$200 million in the third quarter of 1991 alone. No details have been released on how the cutbacks will affect 4,900 Arizona employees.

**SERVICES** — The Phoenix area is getting its second professional football team, but this one will play indoors. Jerry Colangelo, president of the Phoenix Suns, headed a group of investors that put up \$259,000 to acquire an **Arena Football franchise**, which will play beginning next May in the new America West Arena, currently under construction in downtown Phoenix. No details about employment — on the team or otherwise —



have been disclosed.

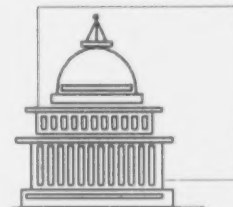
Pending a favorable environmental-impact study and U.S. government approval, Ohio developer **William Keephler** wants to build a \$106 million ski resort in Williams that would offer 19 ski runs and accommodate 3,000 skiers a day. Keephler, who owns 240 acres near the 30-acre Williams Ski Area, expects to attract skiers from southern California, as well as Arizona. The financially troubled Snowbowl ski resort near Flagstaff draws between 100,000 and 130,000 skiers a season.

#### **MINING**

Utah-based **Andalex Resources Inc.** has decided not to build a coal-transfer station on a 128-acre site in Flagstaff, which would have been a dropping-off point for shipment to the West Coast and Pacific Rim markets. The operation was expected to bring 150 truckloads of coal a day and several hundred well-paying jobs to the area, but residents fought the company's location because of traffic and environmental concerns. However,

Flagstaff's loss may be a gain for towns in northern Arizona such as Fredonia, where trucks will pass through to deliver coal to a Moapa, Nev., transfer station. Andalex recently acquired the rights to mine 400 million tons of coal a year on the Kaiparowits Plateau in southern Utah, north of Lake Powell.

#### **GOVERNMENT**



Citing unreasonable government growth, **Pima County supervisors** approved a plan to cut back county employment by 200 positions a year for the next five years (see *Arizona LMI Newsletter*, September 1991). The planned elimination of 1,000 jobs (through attrition, retirement, and layoffs) are in addition to a reduction of 185 positions from the 1991-92 budget. Pima County currently employs about 5,300 workers, but has nearly 700 vacant positions, which should cut down on the number of layoffs, says Supervisor Greg Lunn, who authored the plan.

The Pima Community College Board has approved a plan to

build six additional campuses by the year 2015 and spend about \$100 million for expansion of its three existing locations during the next five to 10 years. The proposed new campus locations are: East Speedway Boulevard and North Houghton Road; North Thornydale Road and West Lambert Lane; Interstate 19 at West Valencia; I-19 at Continental Road; I-19 at Sahuarita Road; and I-10 at Vail Road. Final approval for the plan is needed from the State Board of Directors for Community Colleges.

Plans to build the world's largest telescope on top of Mount Graham in southeast Arizona were damaged when Ohio State University decided to pull out of the project, leaving the University of Arizona and Italy's Arcetri Astrophysical Observatory \$15 million short of the \$60 million needed to build the 8.4-meter optical telescope. Work is continuing, however, on two other smaller telescopes that are joint ventures of UA, the Vatican, and Germany's Max Planck Institute. Controversy has surrounded all of the projects because of concern that they may disturb the endangered Mount Graham red squirrel and lead to its extinction.

The National Weather Service plans to build a new office building in Flagstaff in 1994 as part of a nationwide effort to modernize and streamline its operations by the year 2000. The new building, expected to be at Flagstaff's Pulliam Airport, would accommodate up to 20 employees instead of the present five.

**MISCELLANEOUS** — The Arizona Industrial Commission has fined the Phoenix-based Smitty's supermarket chain nearly \$12,000 for several violations of worker-safety and child-labor laws. Most of the worker-safety violations involved two areas: failing to require meat cutters to use wire-mesh gloves and having exposed edges on meat-cutting blades. The child-safety violations were for illegally allowing workers under 18 to operate a bailing machine used to crush and bundle cardboard boxes. Smitty's says it will appeal the glove infractions.

Holsum Bakery in Phoenix replaced 177 striking employees with permanent-replacement workers in September, after the union representing the bakery workers and the company could not reach an agreement on control of the workers' pension plan. Bakery workers went on strike in June after Holsum demanded that it take control of the workers' pension plan, but the union refused in negotiations to give up control of the plan. Holsum says it will only give jobs to striking employees who return to work when positions become available. The U.S. House of Representatives recently passed a bill banning the practice of permanently replacing striking workers, while the Senate will take up a measure early next year. President Bush is on record as opposing such legislation.

Arizona and California have signed a reciprocity agreement that will make it easier for contractors to work in either state. Under the agreement, both states will waive trade exam requirements and accept each others' licensing qualifications, but applicants will still have to pass business-management examinations. Arizona is also looking at signing reciprocity agreements with Utah and Nevada.

## RA Staff Member Receives National Award

Dr. Hugo Soll, creator and manager of a computerized database of state labor market, occupational, and education information, the Arizona MICRO OIS, was recently honored as the top staff member of the national organization that oversees his work.

The National Occupational Information Coordinating Committee (NOICC), a federal interagency committee established by Congress to promote and coordinate occupational and employment data, named Soll its 1991 Outstanding SOICC staff member at its 14th annual convention in July. Since 1979, Soll has managed the Arizona MICRO OIS as a staff member of the Arizona State Occupational Information Coordinating Committee (ASOICC), which is part of the Department of Economic Security's Research Administration.

A MICRO OIS (Occupational Information System) combines multiple-source data into supply/demand clusters to help states meet the occupational information needs of vocational education, economic development, and employment and training planners. Two features of Arizona's MICRO OIS that were singled out for praise were a skills-transfer component and a module for developing individual vocational education plans for special-needs populations.

NOICC Executive Director Juliette N. Lester said in presenting the award: "Dr. Soll's outstanding efforts under the leadership of Stan Butterworth, executive director of the Arizona SOICC, have resulted in one of the most comprehensive Occupational Information Systems in the country."

Wholesale and retail trade industries, along with the services sector are where jobs are likely to be found in the Phoenix area during the fourth quarter, according to Manpower Inc., a national temporary-help company that conducts quarterly surveys of business-employment plans. Industry groups that will offer fewer job prospects: transportation and public utilities, and non-durable goods manufacturing.

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